

Request for Proposals – Energy Revolving Loan Fund Administration

Frequently Asked Questions

1. Program Description, Page 6 – Please clarify that ADECA intends to have distributed \$25 million in loans by April 30, 2012? [That is correct.](#)
2. Method of Payment – Page 9 – Please clarify that it is ADECA’s intent to structure a firm fixed price contract for ERLF Administration which will be invoiced in equal installments over the duration of the contract and is not tied in to the number or value of loans that are approved? [No...ADECA has not pre-determined a structure for payment of administrative costs, but is asking the respondent to propose a cost or fee structure for program administration costs that will allow the Fund’s capital base to remain intact. This could be accomplished through interest, fees and/or leveraged funds identified by the proposer. Please note that proposed startup costs and projected annual management costs should be identified separately in the proposal.](#)
3. Method of Payment – Page 9 – Will ADECA consider an alternate contract structure such as a Time and Materials Not to Exceed or Cost Plus Fixed Fee contract? [Yes.](#)
4. Does the ADECA Energy Division have an idea of the demand for these loans? Any estimates on how many companies could apply when the fund is opened? [Although this is an unknown, most likely under 100.](#)
5. Would ADECA allow the Contractor to charge an application fee for loan applicants? [Yes.](#)
6. Will ADECA hold the \$25 million in a state account or will it be transferred to the contractor, or to a subcontractor of the contractor? [ADECA will disburse the initial \\$25 million by drawing down funds from DOE and issuing them to the Contractor as loan applications are approved. Funds may be advanced under the terms of the contract for certain activities. The Contractor will place the approved loan amount in an escrow account that the borrower draws from as work is completed, pending submission of satisfactory monthly progress reports submitted by the borrower to the Contractor. Loan repayments will be made through the Contractor and held by ADECA.](#)
7. Will any interest earned be added to the available funds? [Interest not needed for administrative costs will be added to the available funds held by ADECA to be used for loans.](#)
8. The RFP states that final approval of loan recipients shall rest with ADECA. Is this a final veto clause, or does it imply that ADECA has the power to say yes on a loan the “Contractor” recommends against? [A final veto clause...loan applications recommended for approval by the Contractor will be submitted to ADECA for final review and approval.](#)
9. Definition of commercially available techniques or technology on page five – does this imply that loans can only be made to companies that use technologies that meet the definition of commercially available? For example, could a company get a loan to install a new energy technology that has not been in operation in a similar project for at least five years? If not, would it be acceptable to use an application process that puts the burden of demonstrating commercial availability of the technology on the company applying for the loan? [Loan funds can](#)

only be used for technologies that meet the definition of commercially available as stated in the RFP. The burden of proof will be on the applicant. If there is any question as to whether the technology meets this standard, DOE shall have final authority.

10. Is two years the maximum time period that the contract can be awarded? Since the loan payment/collection time frame can extend as long as ten years, it would be preferable to bid on a longer term contract. Setting up the infrastructure to manage loan collection will have an up-front cost and it could be disruptive to change contractors after just two years. If only a two year contract is allowed, can it be renewed by the current contractor if the work is satisfactory, or will it be bid every two years for the life of the fund? We are currently limited by the Legislative Contract Oversight Review Committee to a two year contract. However, due to the issues identified in this question, it is ADECA's intent to appeal to the committee for a waiver of the two-year limitation. Information regarding a final determination on this issue will be posted on our website at <http://www.adeca.alabama.gov/C7/SEP-ARRA> when available.
11. My company is more interested in applying for loans and implementing energy projects and not administering the process. Will there be another RFQ/RFP process to be a loan recipient? If so, when will that process begin? The loan application process will be initiated later this year by the administrative entity selected through this solicitation.
12. How broad or narrow is the definition of equipment that can be purchased with the RLF money? I have read the "allowable expenditures" paragraph on page 6, and it is not exactly clear what all this could encompass. For example, if a piece of equipment used in a production line is old and is not as energy efficient as newer models, can the money be used to buy production line equipment? This would be equipment that has nothing to do with the production of energy, or lighting, or insulation, but strictly a piece of equipment used to produce widgets. DOE encourages states to select programs that save at least 10 million BTU per \$1000 spent. It is ADECA's intent to structure the Energy RLF program so that equipment retrofits that meet or exceed this energy efficiency standard qualify as allowable expenditures for RLF funds. In your example, the production equipment would qualify as an allowable expenditure if it impacts the company's energy efficiency and the retrofit meets this standard.
13. Is there any guidance from ADECA regarding how to calculate program income for the RLF? Program income is defined as gross income directly generated by the RLF program; and would include interest and fees paid by loan applicants. All program income must be reinvested in the program to cover administrative costs and/or increase the capital base of the RLF.